

**DRAFT**

**State of Nevada--Intended Use Plan  
for the  
Allocation of Drinking Water State Revolving Funds  
From  
Nevada's Federal Fiscal Year 2003 Allotment  
Under the  
Safe Drinking Water Act, as Amended in 1996**

**Division of Environmental Protection**

**Bureau of Water Pollution Control**

**August 2003**



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## **LIST OF ACRONYMS**

BHPS = Bureau of Health Protection Services  
BWPC = Bureau of Water Pollution Control  
CWSRF = Clean Water State Revolving Fund  
DBE = Disadvantaged Business Enterprise  
DWSRF = Drinking Water State Revolving Fund  
EPA = Environmental Protection Agency  
FFY = Federal Fiscal Year  
GIS = Geographic Information System  
IUP = Intended Use Plan  
MBE = Minority-owned Business Enterprise  
MHI = Median Household Income  
NAC = Nevada Administrative Code  
NDEP = Nevada Division of Environmental Protection  
NRS = Nevada Revised Statute  
OSGWA = Other Sensitive Groundwater Areas  
PWSS = Public Water System Supervision  
RCAC = Rural Community Assistance Corporation  
SDWA = Safe Drinking Water Act  
SDWIS = Safe Drinking Water Information System  
SWA = Source Water Assessment  
SWAP = Source Water Assessment Plan  
UIC = Underground Injection Control  
UICP = Underground Injection Control Program  
UNR = University of Nevada Reno  
WHP = Wellhead Protection  
WBE = Women-owned Business Enterprise

## **I. INTRODUCTION**

### **A. History**

The 1996 Amendments to the Safe Drinking Water Act (SDWA) authorized the Drinking Water State Revolving Fund (DWSRF). The Federal Budget included \$844,475,000 for Federal Fiscal Year (FFY) 2003 to fund the DWSRF portion of the SDWA. The FY 2003 allotment was decreased from FY 2002 to reflect an Agency budget reduction of 0.65%. After federal set-asides were accounted for, the allotment of funds for the State of Nevada (Nevada) totaled \$8,004,100 for FFY 2003. These funds are available after Nevada successfully obtains a Capitalization Grant Award from the U. S. Environmental Protection Agency (EPA) for its DWSRF program.

In 1997, the Nevada State Legislature passed legislation, Senate Bill (SB) 302, that authorized the State Health Division (Division), an agency within the Nevada Department of Human Resources, to develop, implement and administer the DWSRF program in Nevada. In accordance with the SDWA, the legislation authorized the Treasurer of the State of Nevada (Treasurer) to set up the account for the revolving fund and the account for set-aside programs. This legislation for public water systems is codified in Chapter 445A of the Nevada Revised Statutes (NRS). These statutes included NRS 445A.200 to 445A.295, inclusive, and may be reviewed at the following Internet Web URL:

<http://www.leg.state.nv.us/NRS/NRS-445A.html>.

The regulations for the DWSRF promulgated by the Health Division under these statutes include Nevada Administrative Code (NAC) 445A.6751 to 445A.67644 and may be reviewed at the following Internet Web URL:

<http://www.leg.state.nv.us/NAC/nac-445A.html>

The 2003 Nevada State Legislature passed legislation, Assembly Bill (AB) 473, which transferred the DWSRF from the State Health Division to the Nevada Division of Environmental Protection (NDEP).

### **B. Financial Status of the Nevada DWSRF**

Nevada has received four DWSRF Capitalization Grants from EPA. Including the State match, these grants have made available \$50,230,574 for DWSRF loans. As of June 30, 2002, the Nevada DWSRF has funded or committed to fund fifteen loans totaling \$46,290,528 leaving \$3,940,046 in capitalization grant funds for future loans. This will be combined with funds from the FFY 2002 Capitalization Grant and from the principal of loan repayments to provide for loans to be made during the next year. The following table shows an estimated projection of the sources and uses of funds July 1, 2003 to June 30, 2004.

**TABLE 1**

**Nevada DWSRF Funding Sources & Uses: FFY 2003 Allotment  
July 1, 2003 to June 30, 2004**

	<b>Federal</b>	<b>Bond Proceeds</b>	<b>Other</b>	<b>Total</b>
<b>Sources of Funding:</b>				
Uncommitted Prior Year Loan Funds	3,152,037	788,009	-	3,940,046
Uncommitted Prior Year Set-Aside Funds	-	-	-	-
Loan Repayments (Principal only)	-	-	1,128,559	1,128,559
FFY 2002 Capitalization Grant	8,004,100	1,600,820		9,604,920
Interest Earned (Prior Years)		685,467		685,467
Interest Earned (Estimate)		120,000		120,000
Interest Earned on Loans (Estimate)			1,162,552	1,162,552
<b>Total Sources of Funding</b>	<b>11,156,137</b>	<b>3,194,296</b>	<b>2,291,111</b>	<b>16,641,544</b>
<b>Uses of Funding:</b>				
<b>Set-Aside Program Activities</b>				
Administrative (4% Set-aside)	320,164	-	-	320,164
<b>State Program Management (10% Set-aside)</b>				
State Program Management	476,998		-	476,998
Technical Assistance and Education	36,964	-	-	36,964
Underground Injection Control Program	199,000	-	-	199,000
Capacity Strategy	80,000	-	-	80,000
Operator Certification	7,448	-	-	7,448
<b>Local Assistance (15% Set-aside)</b>				
Capacity Assistance	294,578	-	-	294,578
Wellhead Protection (BHPS)	425,113	-	-	425,113
Wellhead Protection (NDEP)	480,924	-	-	480,924
Technical Assistance-Small Systems (2% Set-aside)	160,082	-	-	160,082
Sub-Total: Set-Aside Programs	2,481,271	-	-	2,481,271
<b>Bond Repayment</b>				
Debt Repayment	-	742,032	-	742,032
Bond Repayment Reserve	-	63,435	-	63,435
<b>Project Funding</b>				
Loans (Expected to be Made)	12,760,000	3,190,000		15,950,000
Loan Applications Pending	-	-	-	-
Loan Commitments Pending	-	-	-	-
Revolving Fund (Uncommitted Funds)	(4,085,134)	(801,171)	2,291,111	(2,595,194)
Sub-Total: Project Funding	8,674,866	2,388,829	2,291,111	13,354,806
<b>Total Uses of Funding</b>	<b>11,156,137</b>	<b>3,194,296</b>	<b>2,291,111</b>	<b>16,641,544</b>

Note: The numbers shown on this sheet are developed from the best information available June 30, 2003 and are intended to illustrate the source and uses of funds available for the DWSRF. Since many of these are estimates, the actual expenditures may vary.

### **C. Nevada Request**

This Intended Use Plan (IUP) is a required element of the application documentation to obtain the FFY 2003 grant award. Nevada herewith submits its IUP for the FFY 2003 funds available to Nevada for the purposes of continuing the development, implementation and administration of the DWSRF program in Nevada. The total available to Nevada from EPA's FFY 2003 allotment is **\$8,004,100**. This allotment will be matched by the 20% match requirement of **\$1,600,820** from state financial resources. Nevada intends to divert **\$2,481,271** of this allotment to the account for set-aside programs, leaving **\$5,522,829** for the account for the revolving loan fund (Table 2).

As shown in Table 1, Nevada proposes to combine the remaining **\$3,940,046** from the uncommitted prior year loan funds with FFY2003 grant funds, state match and loan repayments to bring the loan fund to **\$19,683,102**. A summary of historical and projected expenditures for the DWSRF program through the FFY 2005 capitalization grant period is also included in Attachment D.

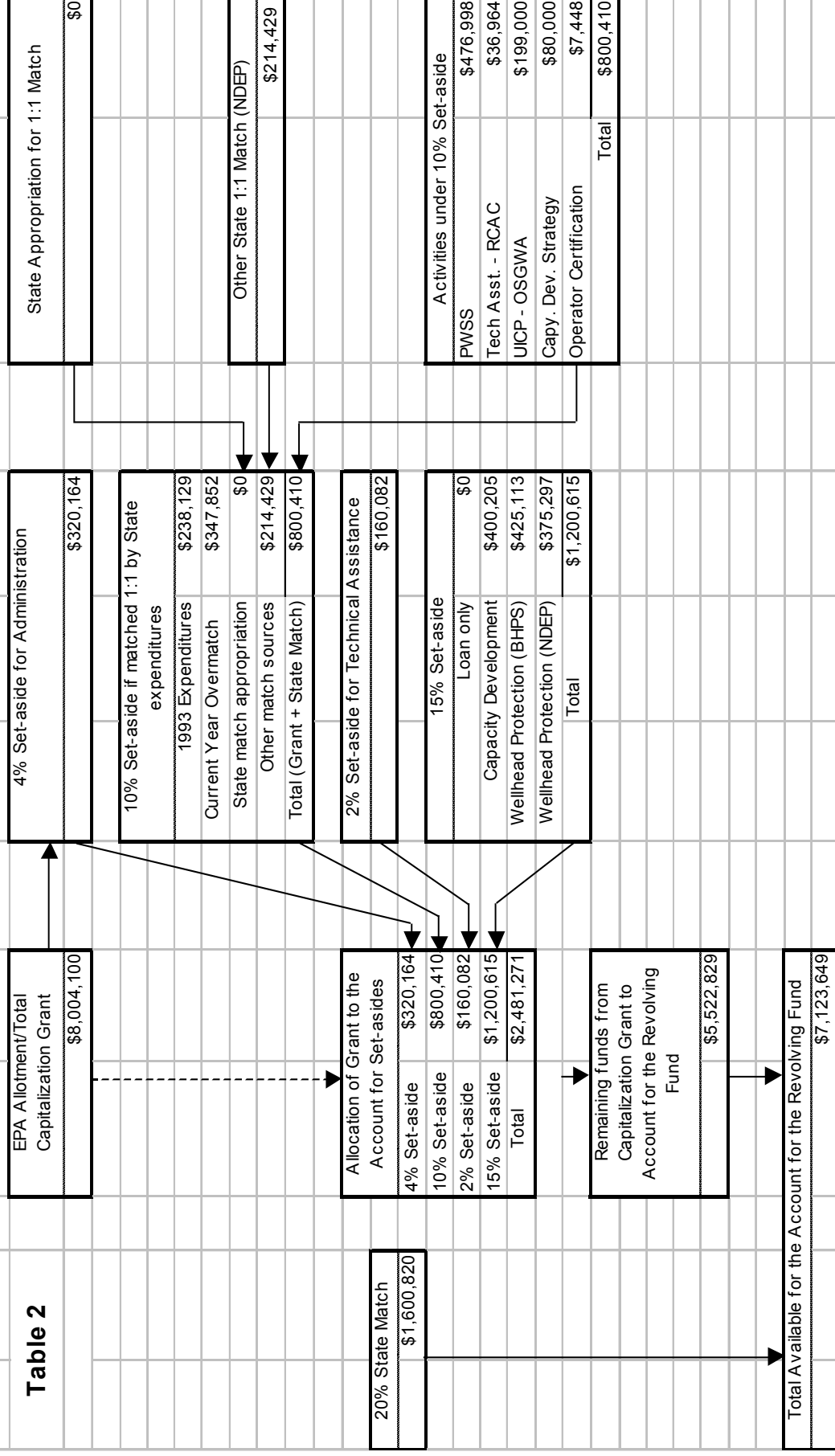
## **II. TYPES OF PROJECTS TO BE FUNDED FROM THE VARIOUS DWSRF ACCOUNTS**

### **A. The types of projects for which loan funds from the account for the revolving fund are intended include:**

1. Construction/upgrading of water treatment facilities;
2. Replacement of contaminated sources with new groundwater or surface water sources;
3. Installation/upgrade of treatment and disinfection facilities to meet public health standards and to protect public health;
4. Consolidation and interconnection of public water systems to address technical, managerial and financial capacity issues;
5. Planning and engineering associated with eligible projects;
6. Replacement of aging infrastructure;
7. Replacement/rehabilitation of transmission lines and storage facilities;
8. Replacement/rehabilitation of distribution public water system facilities;
9. Installation of meters and backflow prevention devices;

# **Distribution of FFY 2003 DWSRF Funds**

**Table 2**



10. Refinancing eligible projects where debt was incurred after July 1, 1993;
11. Land acquisition that is integral to a DWSRF-eligible project; and
12. Other projects necessary to address compliance/enforcement or security issues.

**B. Projects intended to be funded from the account for set-aside programs include:**

1. Administration of the DWSRF program;
2. Assistance with technical, managerial and financial capacity development to small public water systems serving 10,000 or fewer persons;
3. Enhancement of state drinking water program management;
4. Continued development of an information management system compatible with the Safe Drinking Water Information Management System (SDWIS) to enhance data storage, data queries and data retrieval;
5. Communications necessary to keep small public water systems serving 10,000 or fewer persons informed of management, compliance and technology issues;
6. Underground injection control program;
7. Wellhead protection program/source water protection;
8. Source water technical assistance projects;
9. Capacity Development; and
10. Operator Certification

### **III. DWSRF LOAN PROGRAM DESCRIPTION AND GOALS**

**A. DWSRF Loan Program General Information**

1. The Nevada DWSRF Loan Program funds publicly- and privately-owned community water systems and non-profit non-community water systems. Eligible projects include installation and replacement of failing treatment facilities, eligible storage facilities and transmission and distribution systems. Projects to consolidate water supplies may also be eligible. Loans made under the program have interest rates of 4 percent or less. Loan repayments to the State will provide a continuing source of infrastructure financing into the future. The program also places an



emphasis on small and disadvantaged communities and on programs that emphasize prevention as a tool for ensuring safe drinking water.

## **B. Long-Term Goal**

For the purposes of this IUP, long-term goal is defined as the life of the program.

1. Ensure that DWSRF funds are available in perpetuity to all Nevada public water systems to provide their customers water that is safe and pleasant to drink all of the time.
2. Address the most serious risk to human health and comply with the requirements of the Safe Drinking Water Act.
3. Assist systems most in need, on a per household basis, according to State-determined affordability criteria.
4. Coordinate with other funding agencies through the Infrastructure for Nevada's Communities Committee.

## **C. Short-Term Goal**

For the purposes of this IUP, a short-term goal is an activity intended to be initiated and, in some cases, completed within a year.

1. Make drinking water in Nevada more affordable by providing approximately **\$19,683,102** in Federal, State and repayment funds as loans to water systems in Nevada at below market interest rate.

## **D. Additional DWSRF Loan Program Information**

Financial Terms of Loans for Public Water System Projects:

1. Subject to the limitation in paragraph 2 of this section, all loans for the financing of projects, or loans made under the Section 1452(k)(1) set-aside, will be for a term not to exceed 20 years from loan closing date, except that under some conditions, loans to disadvantaged communities for financing projects may be made for a period of 30 years from loan closing date.
2. Loan terms are not to exceed the useful life of the project.
3. A loan for engineering and planning studies, reports and design work associated with eligible projects can be sought as a separate loan from the project construction loan. Such a loan will be short-term having a maximum repayment period of 5 years from loan closing date and an interest rate determined in the same manner as that for the construction loan. The short-term loan may be consolidated or rolled into a construction loan at the applicant's request.

4. Terms of financial assistance to public water systems serving disadvantaged communities are addressed in Section VII.
5. Repayment of loans must begin within 12 months of project completion based on the construction schedule available at the loan closing date or actual completion date, whichever is earlier.
6. Loans are to be made on a cost-reimbursed basis.
7. Amount of subsidy dedicated to assisting public water systems serving disadvantaged communities (refer to Section VII).
8. Leveraging: Nevada does not intend to leverage any portion of the Nevada DWSRF using FFY 2003 funds at this time.
9. Administration Fee: Nevada does not intend to assess an administration fee at this time.

#### **IV. DWSRF SET-ASIDE PROGRAM DESCRIPTION AND GOALS**

The SDWA §1452(g) and §1452(k) allow States to set aside up to 31% of the capitalization grant for the activities described in Section II. B of this IUP. Nevada expects to reserve the entire 31% of the FFY 2003 capitalization grant for these purposes.

The DWSRF account for set-aside programs includes four specific set-aside categories identified as the 4%, 10%, 2% and 15% set-asides. If all of the set-aside funds within a set-aside activity are not expended, those remaining funds may be redirected to another set-aside activity as long as the maximum allowed for that activity has not been reached for the fiscal year from which the funds were derived. Nevada will submit for EPA's approval detailed workplans for set-aside activities described in Sections A through D (below) prior to requesting cash draws to fund these activities.

The following sections describe each of the set-asides individually. Each section contains a general description of the set-aside and a description of the programs to be funded. Following these descriptions, long-term and short-term goals are identified for each program.

##### **A. Program Administration (4% Set-aside)**

The Bureau of Water Pollution Control, within the Division of Environmental Protection, will manage the day-to-day operation of the DWSRF. Approval of the Division's recommendations with respect to priority lists and loan commitments to projects is the responsibility of the Board for Financing Water Projects, a board that exists independent of the Division and the Department of Conservation and Natural Resources. Support will also be obtained from the State Treasurer's Office. The Controller of the State of Nevada provides accounting functions.

This set-aside will be used to pay salaries and associated expenses of program personnel devoting time to the administration of the fund as well as the necessary

ancillary services performed by other agencies. These funds will also be used to procure all equipment and training necessary for the adequate performance of staff. Expenses for DWSRF-related public meetings, workshops and hearings will also be paid for out of this set-aside. A portion of this set-aside will be used to fund a contract to implement an outreach program for Disadvantaged Business Enterprises (DBE), including Minority-owned Business Enterprises (MBE) and Women-owned Business Enterprises (WBE).

Funds not used immediately will be reserved for use in future years.

Long-Term Goal:

1. Effectively manage a self-sustaining DWSRF Loan Program and ensure that funds are available in perpetuity.

Short-Term Goals:

1. Effectively and efficiently manage the day to day operation of the DWSRF.
2. Implement an outreach program for DBE/MBE/WBE.
3. Look into developing a Disadvantaged Program.

**B. Technical Assistance for Small Public Water Systems Serving 10,000 or Fewer Persons (2% Set-aside)**

Nevada will utilize this set-aside to provide technical assistance to small public water systems using existing agency resources, individual contractors, coalitions and/or non-profit organizations. Small public water systems are those systems that serve 10,000 or fewer persons. In general, these activities include:

1. Assistance to small public water systems with the preparation of applications for DWSRF assistance;
2. Assisting small public water systems to comply with all crosscutting requirements of the DWSRF and other state and federal requirements;
3. Assisting small public water systems with locating and procuring sources of funding in addition to the DWSRF to meet system needs at the lowest cost possible;
4. Assisting small public water systems in determining how to repay a proposed loan;
5. Assistance to small public water systems in meeting SDWA compliance;
6. Assistance to small public water systems to obtain the technical, managerial and financial capability required to operate, maintain and manage a public water system;
7. Communications necessary to keep small public water systems informed of management, compliance and technology issues; and
8. Identify and prioritize those small public water systems in need of the most assistance.

Long-Term Goal:

1. Offer assistance to 100% of Nevada's small systems.

Short-Term Goal:

1. Provide technical assistance to about 30 small systems in Nevada.
2. Provide technical assistance to loan applicants by applying technical, managerial, or financial capability criteria.

**C. State Program Management (10% Set-aside Recognizing Allowable 1:1 State Match Funds)**

The 10% set-aside requires a 1 to 1 match, which the State derives from two sources. The first source includes two components. The first component comes from the State expenditure for the 1993 Public Water System Supervision (PWSS) program as allowed by the Safe Drinking Water Act. This historical amount is **\$238,129**. This amount cannot exceed the match credits derived from the other component. The second component is derived from the State expenditures, which overmatch the 25% State match that is required in the FFY 2003 PWSS programs. For FFY 2003, this amount is estimated to be **\$347,852**. For calculations of these amounts, please see Attachment E.

The second source of matching funds to meet State match requirements is the expenditure of money by the Nevada Division of Environmental Protection (NDEP) on the State's source water protection program. The NDEP administers the major elements of this SDWA program and collects permit fees for groundwater discharge permits. These funds are used to reduce or eliminate the exposure of drinking water aquifers to contaminants in groundwater discharge activities. NDEP expects to expend over **\$500,000** in FY 2003 in this program. Nevada only requests that EPA recognize **\$214,429** of this source of State funds as a qualifying State match. No direct State appropriation match money will be provided for FFY 2003. These three sources qualify **\$800,410** of federal funds for the 10% set-aside activities. This set-aside will be used for the following purposes.

**1. Public Water System Supervision (PWSS) Program:**

Develop, implement and improve the current public water system information management system and enhance current PWSS activities administered by the Nevada State Health Division.

Long-Term Goals:

- a) Develop and maintain long-term data system for use in managing Nevada PWSS.
- b) Investigate ways to make information accessible to the public.
- c) Integrate Safe Drinking Water Information System (SDWIS) with other State databases.
- d) Supplement and enhance PWSS program through training and adoption of new rules; identify additional computer equipment to facilitate the first three long-term goals listed above.

Short-Term Goals:

- a) Input data for all parameters into SDWIS
- b) Implement electronic data transfer
- c) Purchase necessary computer equipment
- d) Provide PWS staff training; conduct public workshops and rule adoption
- e) Arrange video-conferencing of operator training
- f) Perform document archiving through imaging
- g) Develop and maintain operator certification program

## **2. Source Water Assessment Technical Assistance**

The Source Water Assessment Technical Assistance set-aside was established to help educate the public on the requirements of the Source Water Assessment and Protection Program and the benefits of protecting source water from contamination.

Long-Term Goal:

- a) Develop public awareness of the need to protect sources of underground and surface waters for public water systems by providing resources to local governments and public water systems.

Short-Term Goals:

- a) Produce “Water Lines” newsletter
- b) Participate in relevant meetings and committees
- c) Use video-conferencing capabilities to train operators
- d) Develop public information

## **3. Underground Injection Control (UIC) Program/Other Sensitive Groundwater Areas (OSGWA)**

The objective of the Underground Injection Control Program is to protect underground sources of drinking water from degradation due to the disposal of fluids through injection wells. The UIC program activities discussed in this IUP supplement the Core UIC program, which is funded by a separate, federal UIC grant.

Long-Term Goals:

- a) Provide technical assistance and outreach to well owners/operators on source water protection.
- b) Identify and address all non-permitted Class V wells in Nevada.
- c) Compile groundwater sensitivity information throughout Nevada.
- d) Utilize the Other Sensitive Groundwater Areas (OSGWA) Plan for appropriate groundwater decision-making.
- e) Develop a groundwater vulnerability spatial database using GIS.
- f) Develop a groundwater model to predict possible contamination due to anthropogenic activities.

Short-Term Goals:

- a) Finalize Class V inventory report and begin process to permit or close identified class V wells.

- b) Develop database management system that has the ability to communicate with other State agency programs.
- c) Compile GIS Database.
- d) Delineate hydrogeologic regions.
- e) Compile existing water quality data.
- f) Sample shallow groundwater.
- g) Begin logistic regression.

#### **4. Capacity Development**

Implement the capacity development strategy for public water systems for technical, managerial and financial issues. The Division will rely on the combined efforts of contractors, non-profit groups and other resources to implement this strategy.

Long-Term Goal:

- a) Establish performance standards, criteria and regulations for existing public water systems that address the lack of or weakness in technical, managerial, or financial capability.

Short-Term Goals:

- a) Collect additional technical, managerial, or financial capability criteria data to complete revised matrix.
- b) Update database.
- c) Perform data analysis to target technical assistance.

#### **5. Improve and Enhance the Operator Certification Program**

This effort will focus on improved communications, training efforts, reimbursement of certain operators and other criteria.

Long-Term Goal:

- a) Improve the existing operator certification program to conform with state and federal laws, regulations, and requirements.

Short-Term Goals:

- a) Continue to work with operator certification advisory board including sub-committee reviewing regulations.

**D. Local Source Water Protection Activities (15% Set-aside); (Not More than 10% of Capitalization Grant Can Be Used for Any One Activity)**

The SDWA allows 15% of the capitalization grant to be used for providing loans for source water protection; providing assistance for the technical, managerial and financial capacity development strategy; enhancing the State Wellhead Protection Program; and for other local assistance such as public information, fact sheets and publications. None of the individual activities listed below will exceed 10% of the capitalization grant.

**1. Loans for Source Water Protection Programs**

Nevada does not plan to set aside any FFY 2003 funds for loans to be made under this program. These loans would include loans for the acquisition of land or easements, for local, voluntary source water protection, or for source water petition programs.

**2. Provide Funding to Public Water Systems to Provide Technical or Financial Assistance Under the Capacity Development Strategy**

Nevada intends to provide information and assistance to public water systems and to the communities they serve. Part of this effort includes a quarterly publication (*"Water Lines"*), which provides a variety of technical, managerial and financial information for operators and owners of public water systems. Other information will be provided through "fact sheets" and other types of outreach efforts.

Long-Term Goal:

- a) Provide assistance for capacity development strategy.

Short-Term Goals:

- a) Educational activities including disseminating information, publishing "*Water Lines*," etc., and
- b) Provide training and technical assistance to enhance technical, managerial and financial capabilities.

**3. State Source Water Protection Program**

Section 1452(k) of the Safe Drinking Water Act currently specifies that wellhead protection programs are eligible for funding under the 15% set-aside. Proposed legislation would clarify that development and implementation of all source water protection programs are eligible expenses as well as wellhead protection programs.

Nevada's Wellhead Protection Program, administered by NDEP, funds wellhead protection measures to protect underground sources of drinking water. Funding from the 15% set-aside enhances the existing Wellhead Protection Program (WHPP), assisting with the development and implementation of community/tribal WHPPs and coordinating with other agencies having related programs. WHPP grants to public water systems and communities will be used to promote a variety of wellhead protection plan development and implementation projects, including the inventory, evaluation and potential closure of high risk abandoned wells and

individual septic systems that warrant possible funding through this program. Wellhead protection activities are outlined in the “Comprehensive State Groundwater Protection Program” updated in March 1998 and approved by the U.S. Environmental Protection Agency.

Long-Term Goal:

- a) To prevent contamination of ground water that supplies public water systems by enhancing and expanding the existing Wellhead Protection Program.

Short-Term Goals:

- a) Encourage local communities and tribes to participate in the State’s procurement process to fund Wellhead Protection implementation measures.
- b) Award funding to communities and tribes who are interested in implementing WHP measures.
- c) Engage in outreach activities and assist communities with implementation of contaminant management strategies.
- d) Follow-up on BHPS vulnerability assessments.
- e) Develop comprehensive, compatible GIS database.
- f) Revise and update Wellhead Protection Program.

#### **4. State Source Water Assessment and Protection Program**

The Source Water Assessment and Protection Program is a requirement under the 1996 Amendments to the Safe Drinking Water Act. Under this funded mandate, each state is required to develop and implement a Source Water Assessment Plan (SWAP), which outlines the strategy the state will use in completing its source water assessments for all public water systems. Source water assessments must delineate the boundaries of the areas providing source water for public water systems, identify potential sources of contamination in the delineated area, determine the susceptibility of contaminants to public water systems, and make the information available to the public. All source water assessments were due by May 2003, after which any funds remaining in the source water assessment program were transferred to the wellhead/source water protection program.

Long-Term Goals:

- a) Complete all source water assessments and make information available to water systems and the public.

Short-Term Goals:

- a) Continue to update SWAP database.
- b) NDEP and BHPS will collaborate to define future source water protection program activities.



## **V. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS**

### **A. Description of Process for Selection of Eligible Public Water Systems to Receive Assistance**

1. Nevada uses a ranking system to prioritize the order in which eligible projects will be financed (NAC 445A.67566 to NAC 445A.67574, inclusive). Projects are ranked based upon the relative impact of the project in achieving the objectives of the SDWA. In general, priority is given to projects that facilitate compliance with national primary drinking water regulations applicable to the public water system under Section 1412 of the SDWA. Priority is also given to those projects which otherwise significantly further the health protection objectives of Section 1452 of the SDWA and for public water systems most in need on a per capita basis. The priority system is described below and is included in the regulations for the DWSRF program. See Section VII for more discussion about the assistance available to public water systems serving disadvantaged communities.
2. A list of projects in order of priority that are intended to receive assistance from the account for the revolving fund is made a part of this IUP (See Attachment A). The following information is included for each project: name of public water system, public water system identification number, project description, population served, priority assigned to the project, estimated project total cost and, if possible, estimated project eligible cost to be funded. The IUP, including the list of projects, will undergo a public review and comment process at least once each year. Priority system general requirements include:
  - a) On an annual basis, the Division will develop a statewide priority list of water projects. The list must be designed to achieve water quality and public health goals consistent with the requirements of the Safe Drinking Water Act.
  - b) Projects that are on an existing priority list will be merged with new projects that are identified in subsequent requests or solicitations.
  - c) Placement on the priority list does not guarantee that a project will be funded. However, only those projects that are included on the priority list will be considered for possible funding.
  - d) The Division may revise the ranking of a project on an existing list at any time if information affecting the ranking of the project becomes available that was not available at the time the list was developed or if a project is proposed to correct an emergency situation. Any revised list, before it is adopted, must undergo the public review and comment process outlined in the regulations and must be approved by the Board for Financing Water Projects.
3. In establishing the priority list, the Division will consider:
  - a) The needs and priorities set forth in lists for corrective actions;
  - b) The total amount of money available in the account for the revolving fund; and
  - c) Any other factors contained in the priority system.

4. The priority list must include, if possible, an estimate of the eligible cost for each water project.
5. Description of ranking system:
  - a) Small public water systems (regularly serving fewer than 10,000 persons) will be identified for the purpose of meeting the loan assistance criteria of Section 1452 (a)(2) of the SDWA.
  - b) The process is outlined in the regulations for the DWSRF program. Each project will be placed into one of following four classes.
  - c) Class I: problems including, but not limited to, demonstrated illness attributable to the public water system, a court-ordered compliance or acute health concerns related to the following, in order of priority: Total Coliform Rule (4 points), Surface Water Treatment Rule (3 points), and Nitrate/Nitrite Rule (2 points).
  - d) Class II: chronic health concerns, ranked by documented problems in meeting drinking water standards as follows: lead and copper (15 points), volatile organic compounds (11 points), synthetic organic compounds (9 points), inorganic compounds (7 points), radiological (5 points), all secondary drinking water standards (1 point)
  - e) Class III: deteriorated, substandard, or inadequate public water system condition or construction ranked by a point system in descending order with the point system as follows: potential consolidation (25 points); treatment facilities (20 points); production facilities (15 points); storage (10 points); transmission (8 points); distribution (6 points); back-flow prevention (4 points); metering (3 points).
  - f) Class IV: for eligible, publicly owned systems, refinancing of existing debt incurred after July 1, 1993.
6. All requests for projects to be included on the priority list will be reviewed using records maintained by NDEP and the Health Division. Projects will be put into the appropriate class to address the most severe problem.
7. Within each class, the projects will be ranked by type of public water system in the following order: community; non-transient, non-community, non-profit entity; or transient, non-community, non-profit entity;
8. The initial ranking number determined for each type of system developed in Paragraph 5 is multiplied by the ratio of the State median household income to median household income of the service area of the public water system.
9. Ranking within each class cannot result in a project being moved from one class to another class. Points assigned to address different problems within a class are additive.

10. Requests for financial assistance for emergency situations may be made to the Division at any time. All other applicants on an approved priority list will be notified of such a request to provide an opportunity for comment and any objections. Subject to public review, such projects may receive a high priority rating and may receive assistance for that year.
11. Eligible projects on the priority list may be bypassed if the applicant withdraws a project, requests that action be deferred, fails to meet submittal deadlines, or is not ready to proceed as determined by the Division. Those projects will be provided notice by the Division and have an opportunity for objection.
12. The Nevada State Health Division reviewed the 2003 priority list in a workshop on February 19, 2003 in Carson City. The IUP was publicly noticed with a copy of the notice sent to a mailing list of interested parties. A summary of the public workshops, comment and public participation is included in Attachment C.

**B. Priority List**

The Resolution of the Board for Financing Water Projects approving the final FFY 2003 Priority List effective February 25, 2003 is included in Attachment B.

**C. Impact of Funding Decisions On the Long-Term Financial Health of the DWSRF**

A projection of funding decisions is included in Attachment D.

**D. Relationship to State Program Goals and Objectives**

The Division places priority on projects that meet the goals specified in Section II of this IUP. In general, the resolution of imminent threat to public health by addressing acute contaminants is paramount, followed by the resolution of compliance issues, long-term health protection through pollution or contamination prevention, long-term infrastructure needs, and consolidation of public water systems to improve system capabilities.

**E. Transferring Funds Between the DWSRF and the CWSRF**

No transfer of funds between the DWSRF and the Clean Water State Revolving Fund (CWSRF) is planned for this year. Nevada reserves the right to make a transfer of up to 33% of the DWSRF capitalization grant into the CWSRF or an equivalent amount from the CWSRF capitalization grant into the DWSRF, when it is permissible. This would require public review and the approval of the Governor, State of Nevada.

**VI. ASSISTANCE TO SMALL PUBLIC WATER SYSTEMS**

A minimum of 15% of the DWSRF must be used to provide loan assistance to small public water systems serving fewer than 10,000 people to the extent such funds can be obligated for eligible projects. The 2003 project priority list includes a large number of projects associated with small public water systems. It also includes several projects associated with large water systems. Every effort will be made to fund the small system projects, recognizing the requirement outlined in Section 1452 (a)(2) of the SDWA to make at least

15% of the fund available to small systems.

Loans to large systems are important in obligating the entire capitalization grant, especially in the early years of the program. Repayments of these loans then make low-cost loans available to small systems in the future.

## **VII. PROGRAM TO PROVIDE ASSISTANCE TO PUBLIC WATER SYSTEMS SERVING DISADVANTAGED COMMUNITIES**

At this time, Nevada has not established the criteria for administering a program that provides subsidized assistance (grants, forgiven principal, etc.) to public water systems serving disadvantaged communities. Although such a process has been discussed, the Division has not determined that such a program is necessary at this time, partly because Nevada has an existing grant program. However, to provide a better opportunity for funding from the account for the revolving fund for disadvantaged systems, the current prioritization process does take into account the MHI in the area served by a water system with a project on the project list. The process ranks projects in communities with a lower MHI higher than an equivalent project in a community with a higher MHI. This ranking process, therefore, gives those projects serving communities with a lower MHI the first opportunity at loan funds. If necessary, procedures and regulations will be developed for disadvantaged communities in the future.

If subsidies or loan forgiveness are provided to loan recipients in the future, the value of those subsidies during a particular year's capitalization grant cannot exceed 30% of the amount of the capitalization grant for that year per Section 1452(d)(2) of the SDWA. Subsidies under this provision cannot be banked for future use.

## **Attachment A**

### **2003 Project Priority List**

**Attachment B**

**Resolution of the Board for Financing Water Projects  
On  
FY 2003 Priority List**

## RESOLUTION

**A RESOLUTION DESIGNATED THE “YEAR 2003 PROJECT PRIORITY LIST, DRINKING WATER STATE REVOLVING FUND—STATE HEALTH DIVISION, BUREAU OF HEALTH PROTECTION SERVICES”; PERTAINING TO THE DETERMINATION BY THE BOARD FOR FINANCING WATER PROJECTS OF THE STATE OF NEVADA TO APPROVE THE PRIORITIES FOR DETERMINING WHICH WATER SYSTEMS WILL RECEIVE MONEY OR OTHER ASSISTANCE FROM THE ACCOUNT OF THE REVOLVING FUND AS REQUIRED IN NEVADA REVISED STATUTES 445A.265(3); MAKING CERTAIN FINDINGS OF FACT AND PROVIDING OTHER DETAILS IN CONNECTION THEREWITH.**

**WHEREAS**, the Nevada State Health Division, Bureau of Health Protection Services is authorized pursuant to NRS 445A.200 to 445A.295, inclusive, to establish procedures for the administration of the Drinking Water State Revolving Fund which includes the account for set-aside programs and the account for the revolving fund; and

**WHEREAS**, the Drinking Water State Revolving Fund Program Guidelines promulgated by the United States Environmental Protection Agency require that the State establish a priority list of public water system projects eligible for funding from the Drinking Water State Revolving Fund and seek public review and comment on the priority list; and

**WHEREAS**, NRS 445A.265(3) requires that the State Health Division shall not establish the priorities for determining which public water systems will receive money or other assistance from the account for the revolving fund without obtaining the prior approval of the Board for Financing Water Projects; and

**WHEREAS**, the Nevada State Health Division, through its Bureau of Health Protection Services, has merged the new projects with the remaining projects carried forward from previously-approved priority lists; and

**WHEREAS**, the Nevada State Health Division, through its Bureau of Health Protection Services, may at any time after receiving approval from the Board for Financing Water Projects revise the ranking of a water project in accordance with NAC 445A.67567; and

**WHEREAS**, the Nevada State Health Division, through its Bureau of Health Protection Services, has provided notice and has held a workshop for public comments on its proposed priority system on February 19, 2003 in Carson City; and

**WHEREAS**, comments, suggestions or recommendations received at the workshop from the public were incorporated into the 2003 Priority List;

**NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD FOR FINANCING WATER PROJECTS OF THE STATE OF NEVADA:**

**Section 1.** This Resolution shall be known as and may be cited by the short title of the “Year 2003 Project Priority List Resolution.”

**Section 2.** Based on its review of the information and recommendation submitted to the Board concerning the Year 2003 Project Priority List, the Board hereby makes the following findings of fact in support of its determination to approve the revised priority list:

- (a) The Nevada State Health Division, through its Bureau of Health Protection Services, has provided public notice of the Year 2003 Project Priority List;
- (b) The Nevada State Health Division, through its Bureau of Health Protection Services, has held a workshop for public review and comment of the priority list;
- (c) The State Health Division, Bureau of Health Protective Services, has received no substantive comments from the public.

**Section 3.** In connection with its findings of fact set forth in Section 2 of this Resolution, the Board has determined, and does hereby declare, that it approves the Year 2003 Project



Priority List of public water system projects eligible for funding by the Drinking Water State Revolving Fund.

**Section 4.** The Year 2003 Project Priority List, included as Attachment A to this resolution and by reference incorporated herein, is a true and correct copy filed with the Board for Financing Water Projects by the Nevada State Health Division.

**Section 5.** This resolution shall be effective on its passage and approval.

**PASSED, ADOPTED AND SIGNED February 25, 2003.**

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Kurt E. Kramer, Chairman  
Board for Financing Water Projects

Attest:

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Jonathan C. Palm, Ph.D., P.E., Technical Assistant  
Board for Financing Water Projects

## **Attachment C**

### **Summary of Public Workshops, Comment and Participation on Intended Use Plan and Project Priority List**

**Summary of Public Workshops, Comment and Participation on  
Intended Use Plan and Year 2003 Priority List for the  
Nevada Drinking Water State Revolving Fund**

A public workshop on the 2003 Priority List was held on February 19, 2003. No objections were offered with respect to the priority list. Information was offered at the workshop about site-specific income surveys that had been performed. The data from these income surveys has been incorporated into the 2002 Priority list. The Board of Financing Water Projects approved the 2003 Priority List at their meeting on February 25, 2003. The Board meeting provided additional opportunity for public input.

The public comment period for the Intended Use Plan has not yet closed. After the comment period has closed, this summary will be updated.

## **Attachment D**

### **Projection of Future Funding**

Federal Fiscal Year	1997	1998	1999	2000	2001	2002	2004	2005
Capitalization Grant	\$12,558,800	\$7,121,300	\$7,463,800	\$7,757,000	\$7,789,100	\$8,052,500	\$8,004,100	\$8,052,500
Account for Set-Aside Programs								
4% Set-Aside--Administration	\$502,352	\$284,852	\$298,552	\$310,280	\$311,564	\$322,100	\$320,164	\$322,100
10% Set-Aside-PWSS Management								
1993 State Expenditure	\$238,129	\$238,129	\$238,129	\$238,129	\$238,129	\$238,129	\$238,129	\$238,129
State Overmatch Expenditure in Respective FFY	\$271,629	\$300,772	\$212,199	\$284,506	\$284,506	\$304,822	\$347,852	\$304,822
State Credit from Ground Water Discharge	\$0	\$173,229	\$260,266	\$146,871	\$280,370	\$262,299	\$214,429	\$262,299
Subtotal of State Credit	\$509,758	\$712,130	\$684,665	\$669,506	\$803,005	\$805,250	\$800,410	\$805,250
Federal Funds Matching State Credit	\$509,758	\$712,130	\$684,665	\$669,506	\$803,005	\$805,250	\$800,410	\$805,250
Appropriation for State Match	\$49,248	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds Matching Appropriation for State	\$49,248	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Available funds for 10% Set-Aside	\$608,254	\$712,130	\$684,665	\$669,506	\$803,005	\$805,250	\$800,410	\$805,250
State Program Management	\$95,759	\$209,202	\$127,500	\$233,933	\$222,527	\$263,955	\$476,998	\$415,744
Technical Assistance and Education	\$201,338	\$194,034	\$150,000	\$156,000	\$118,454	\$36,444	\$36,964	\$50,000
Underground Injection Control Program	\$227,618	\$255,854	\$364,665	\$300,000	\$182,929	\$408,851	\$199,000	\$199,506
Develop and Implement Capacity Strategy	\$3,500	\$2,500	\$2,500	\$2,500	\$115,000	\$96,000	\$80,000	\$100,000
Operator Certification	\$80,040	\$50,540	\$40,000	\$50,000	\$140,000	\$0	\$7,448	\$40,000
Totals	\$608,254	\$712,130	\$684,665	\$742,433	\$778,910	\$805,250	\$800,410	\$805,250
Remainder to Loan Fund	\$0	\$0	\$0	\$72,927	\$24,095	\$0	\$0	\$0
2% Set-Aside-Tech. Assistance to Small Systems	\$223,608	\$142,426	\$149,276	\$155,140	\$155,782	\$161,050	\$160,082	\$161,050
15% Set-Aside (Funds Available)	\$1,883,820	\$1,068,195	\$1,119,570	\$1,163,550	\$1,168,365	\$1,207,875	\$1,200,615	\$1,207,875
Source Water Protection Loans	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Assistance	\$59,267	\$100,000	\$100,000	\$100,000	\$247,184	\$328,718	\$400,205	\$200,000
SWAP	\$1,255,880	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible
WHPP	\$150,000	\$240,000	\$240,000	\$240,000	\$200,000	\$100,000	\$800,410	\$800,000
Totals	\$1,465,147	\$340,000	\$340,000	\$340,000	\$447,184	\$428,718	\$1,200,615	\$1,000,000
Account for Set-Asides--Subtotal	\$2,799,361	\$1,479,408	\$1,472,493	\$1,547,853	\$1,693,440	\$1,717,118	\$2,481,271	\$2,288,400
Account for the Revolving Fund	\$9,759,439	\$5,641,892	\$5,991,307	\$6,209,147	\$6,095,660	\$6,335,382	\$5,522,829	\$5,764,100
Required 20% State Match	\$2,511,760	\$1,424,260	\$1,492,760	\$1,551,400	\$1,557,820	\$1,610,500	\$2,481,271	\$1,610,500
Federal Funds	\$9,808,687	\$5,641,892	\$5,991,307	\$6,209,147	\$6,095,660	\$6,335,382	\$6,321,245	\$5,764,100
Account for the Revolving Fund--Subtotal	\$12,320,447	\$7,066,152	\$7,484,067	\$7,760,547	\$7,653,480	\$7,945,882	\$8,802,516	\$7,374,600
Cumulative Totals	\$12,320,447	\$19,386,599	\$26,870,666	\$34,631,213	\$42,284,693	\$50,230,575	\$59,033,091	\$57,605,175

## **Attachment E**

### **Calculation of 1:1 Match Requirement**

		Bureau of Health Protection Services		
		Justification for 1 to 1 Match Requirement for Section 1452(g)(2) Activities		
Line	Source Reference	FFY 2003	FFY 2003	
1	EPA Assistance Agreement + Carry Over	Total Project Costs	\$743,000	
2	EPA Assistance	Federal Share based on FFY Appropriation	\$743,000	
3	State Match	Required State Match (25% of Line 1)	\$185,750	
4	Estimated Total State 2003 PWSS Expenditures based on 2002 Expenditures	State Outlays from PWSS Prior Year FSR	\$533,602	
5	Line 4 - Line 3	Overmatch from current FY	\$347,852	
	1:1 Match Calculation	10% of Capitalization Grant		
6	PWSS 1993 Match	Funds needed from Overmatch	\$238,129	
7	Same as Line 5	Estimated Overmatch from current FY	\$347,852	
8	Other Sources	NDEP, etc.	\$214,429	
9	Total Line 6 + Line 7 + Line 8	Required 1:1 Match for 10% of Capitalization Grant	\$800,410	
	<b>Note:</b> The State of Nevada reserves the right to adjust the funding source proportions for the 1:1 match upon receipt of the final FFY-2001 Financial Status Report and final accounting of expenditures for the NDEP expenditures.			

